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## SCOTTISH & YORK HOLDINGS LIMITED

### **Board of Directors**

R. D. ABBOT

R. W. BROUGHTON

S. F. CHAPMAN

K. H. DOYLE

S. L. McCABE

A. D. McEWEN

K. R. THOMSON

J. A. TORY

### **Officers**

K. R. THOMSON --- Chairman of the Board

K. H. DOYLE - President

R. W. BROUGHTON — Executive Vice-President

S. F. CHAPMAN - Vice-President, Finance

J. A. TORY - Vice-President

D. A. BOYD — Assistant Vice-President

R. D. ABBOT — Secretary-Treasurer

N. W. McDERMOTT — Assistant Secretary-Treasurer

### Transfer Agent

MONTREAL TRUST COMPANY

### **Auditors**

THORNE, GUNN, HELLIWELL & CHRISTENSON

### **Bankers**

THE ROYAL BANK OF CANADA

### **Executive Office**

74 VICTORIA STREET, TORONTO, CANADA

## SCOTTISH & YORK HOLDINGS GROUP

# SCOTTISH & YORK INSURANCE COMPANY LIMITED VICTORIA INSURANCE COMPANY OF CANADA

### Officers

THE RT. HON. LORD THOMSON OF FLEET

K. H. DOYLE

S. F. CHAPMAN

R. W. BROUGHTON

R. D. ABBOT

N. W. McDERMOTT

D. A. BOYD

VICTORIA INSURANCE COMPANY LIMITED (NASSAU, BAHAMAS)

CENTRAL CANADA INSURANCE SERVICE LIMITED

**ONTARIO INSURANCE SERVICE** 

OVERSEAS INSURANCE SERVICES (UNITED KINGDOM)

### To The Shareholders

We are pleased to submit the annual report of your Company's operations for its tenth full year in business. It is with more than a little pride that we are able to announce another extremely successful year. Gross premiums written and other income amounted to \$22,427,065, an increase of more than \$5,000,000 over 1970. Net income increased to  $75\phi$  per share from  $52\phi$  the previous year.

Your Company has produced an underwriting profit in each year since commencing business. Although investment income plays a considerable role in our overall operations, we nevertheless continue to expound the theory that an insurance company must first make an underwriting profit and investment income will follow.

In keeping with your Directors' policy of encouraging a wide distribution of ownership of your Company, we again split our stock in 1971. As a result of three stock splits since our common shares were first offered to the public in 1964, each share originally offered is now the equivalent of 12 shares. It is interesting to note that an investment of \$850 in Scottish & York shares in the Spring of 1964 is now worth \$18,600 (based on the March 15, 1971 closing market price of \$15.50) and is producing an annual return of almost 40%.

During the year, your Directors increased the rate of dividends on our common shares from  $5\phi$  to  $7\phi$  per quarter. This increase, which was implemented in two stages, is in keeping with your Company's policy of paying out a reasonable portion of its earnings in dividends.

As to the future of your Company, we are most optimistic. We feel we can continue to obtain our fair share of business in Canada. In addition, our foreign operations are continually expanding and are producing most favourable results.

It is always a pleasure to have this opportunity to thank our officers and staff for the services they have performed during the year. I would also like to thank the many insurance brokers and agents who have supported us over the years.

Your Directors look forward to seeing many of you at the annual meeting, the notice of which is enclosed.

Submitted by the Board of Directors,

K. H. DOYLE, President

# SCOTTISH & YORK HOLDINGS LIMITED and subsidiary companies

# **Auditors' Report**

To the Shareholders of Scottish & York Holdings Limited

We have examined the consolidated balance sheet of Scottish & York Holdings Limited and subsidiary companies as at December 31, 1971 and the consolidated statements of income, retained earnings and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at December 31, 1971 and the results of their operations and the source and application of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Canada March 7, 1972 THORNE, GUNN, HELLIWELL & CHRISTENSON,

Chartered Accountants.

# SCOTTISH & YORK HOLDINGS LIMITED (Incorporated under the laws of CONSOLIDATED BALANCE SHEET - DECEMBER 31, 1971 (with

A	S	S	E	T	S	

	1971	1970
Cash	\$ 772,961	\$ 447,951
Marketable securities  Bonds, at cost or amortized cost and accrued interest (market value 1971, \$13,375,418; 1970,		
\$8,319,540)	13,701,570	8,824,913
Stocks, at cost (market value 1971, \$3,522,426; 1970, \$2,901,470)	3,864,444	3,343,750
Accounts receivable	2,506,453	2,782,703
Furniture, fixtures and automobiles at cost less accumulated depreciation 1971, \$53,913; 1970, \$47,198	28,587	27,253
Agencies, agreements and contracts, at cost	110,116	110,116
Premium paid on acquisition of shares of subsidiary companies	65,037	65,037

\$21,049,168 \$15,601,723

Approved by the Board

K. H. DOYLE, Director

R. D. ABBOT, Director

# ntario) AND SUBSIDIARY COMPANIES

nparative figures at December 31, 1970)

## LIABILITIES

	1971	1970
Accounts payable and accrued liabilities	\$ 2,941,891	\$ 1,944,308
Customers' deposits	26,250	26,250
Dividends payable	210,000	150,000
Provisions for outstanding claims	7,319,251	5,229,249
Income and premium taxes payable	230,219	258,481
Deferred revenue	4,194,749	3,347,203
Interest of minority common shareholders of subsidiary companies	34,568	28,623
	\$14,956,928	\$10,984,114

## SHAREHOLDERS' EQUITY

Capital stock Authorized			
10,000	First preference shares, par value \$50 each, issuable in series		
4,000,000	Common shares without par value		
Issued			
3,000,000	Common shares	501,000	501,000
Retained earn	ngs	5,591,240	4,116,609
		6,092,240	4,617,609
		\$21,049,168	\$15,601,723

# SCOTTISH & YORK HOLDINGS LIMITED and subsidiary companies

# CONSOLIDATED STATEMENT OF INCOME YEAR ENDED DECEMBER 31, 1971 (with comparative figures for 1970)

	1971	1970
Gross premiums written and other income	\$22,427,065	\$17,272,387
Income before undernoted items	2,978,215	2,267,137
Income taxes	717,639	694,032
	2,260,576	1,573,105
Interest of minority common shareholders of subsidiary companies	5,945	10,101
Net income for the year	\$ 2,254,631	\$ 1,563,004
Net income per share	75¢	52¢

# CONSOLIDATED STATEMENT OF RETAINED EARNINGS YEAR ENDED DECEMBER 31, 1971 (with comparative figures for 1970)

	1971	1970
Balance at beginning of year	\$ 4,116,609	\$ 3,093,605
Net income for the year	2,254,631	1,563,004
	6,371,240	4,656,609
Dividends on common shares	780,000	540,000
Balance at end of year	\$ 5,591,240	\$ 4,116,609

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 1971

### 1. BASIS OF CONSOLIDATION

The consolidated financial statements include all the subsidiary companies, which are:

Scottish & York Insurance Co. Ltd. Central Canada Insurance Service Ltd. Victoria Insurance Co. of Canada Victoria Insurance Company Limited

# SCOTTISH & YORK HOLDINGS LIMITED and subsidiary companies

### **CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS** YEAR ENDED DECEMBER 31, 1971 (with comparative figures for 1970)

	1971	1970
Source of funds		
Operations		
Net income for the year	\$ 2,254,631	\$ 1,563,004
Items not involving current funds		
Depreciation	9,703	12,046
Interest of minority common shareholders		
of subsidiary companies	5,945	10,101
	2,270,279	1,585,151
Increase in provision for outstanding claims	2,090,002	1,322,039
Increase in deferred revenue	847,546	1,027,303
Increase in accounts payable and accrued liabilities	997,583	527,616
Decrease in accounts receivable	276,250	
Sale of stocks, net	-	119,024
Net change in other assets and liabilities		33,064
	\$ 6,481,660	\$ 4,614,197
Application of funds		
Purchase of marketable securities, net		
Bonds	4,876,657	3,502,641
Stocks	520,694	
Increase in accounts receivable	<del>-</del>	571,556
Dividends on common shares	780,000	540,000
Net change in other assets and liabilities	304,309	
	\$ 6,481,660	\$ 4,614,197

### 2. OTHER STATUTORY INFORMATION

1971 1970

Direct remuneration of directors and senior officers (as defined by The Business Corporations Act, 1971 ........ \$112,167 \$104,833 Depreciation 9,703 12,046

### 3. CAPITAL STOCK

During 1971 the common shares were split two for one. Net income per share for 1970 has been restated to reflect the stock split.

# SCOTTISH & YORK HOLDINGS GROUP

# **Five Year Performance Record**

YEAR	GROSS PREMIUMS WRITTEN	NET PREMIUMS WRITTEN	DEFERRED REVENUE
1971	21,585,228	14,782,791	4,194,749
1970	16,619,886	11,048,244	3,347,203
1969	11,309,620	7,928,893	2,319,900
1968	9,068,256	6,893,469	1,946,976
1967	7,873,037	4,626,134	1,480,032

NOTE: Per share amounts prior to 1971 adjusted for two for one subdivision of capital stock made in November 1971.

INCOME BEFORE TAXES	INCOME TAXES	NET INCOME	EARNINGS PER SHARE	DIVIDENDS PAID PER SHARE
2,972,270	717,639	2,254,631	75¢	26¢
2,257,036	694,032	1,563,004	52¢	18¢
1,633,731	481,779	1,158,327	38¢	15¢
1,534,344	460,850	1,070,701	35¢	10¢
1,154,910	441,951	712,959	23¢	6¢





SCOTTISH & YORK

> INTERIM REPORT JUNE 30, 1971

### SCOTTISH & YORK HOLDINGS LIMITED

and its Subsidiary Companies

### CONSOLIDATED STATEMENT OF INCOME

	Six months ended		
	<u>June 30, 1971</u>	June 30, 1970	
Gross premiums written and other revenue	\$10,251,577	\$7,620,550	
Net income before taxes	1,520,395	1,301,524	
Provision for taxes	423,851	431,053	
Net income after taxes	1,096,544	870,471	
Profit per share	73¢	58¢	

### CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS

	Six months ended	
	June 30, 1971	June 30, 1970
Source of Funds		
Operations		
Net income for the six months	\$ 1,096,544	\$ 870,471
Add items not involving a current outlay of funds		
Depreciation	4,626	4,809
Interest of minority common shareholders of subsidiary companies	5,680	3,551
	\$ 1,106,850	\$ 878,831
Increase in provision for outstanding claims	562,767	232,131
Increase in deferred revenue	765,994	531,018
Net change in other assets and liabilities	(48,859)	352,900
	\$ 2,386,752	\$1,994,880
Application of Funds		
Purchase of marketable securities, net	\$ 2,026,752	\$ 567,184
Increase in accounts receivable		1,187,696
Dividends on common shares	360,000	240,000
	\$ 2,386,752	\$1,994,880

K. H. Doyle, President.

August 18th, 1971.